

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTON COUNTY WATER)	
DISTRICT NO. 1 (A) FOR AUTHORITY TO)	
ISSUE PARITY REVENUE BONDS IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	
\$7,315,000 FOR THE PURPOSE OF)	CASE NO. 94-056
REFUNDING BOND ANTICIPATION NOTES)	
AND FOR OTHER NEEDS; AND (B) NOTICE)	
OF AN ADJUSTMENT IN WATER RATES: AN)	
INCREASE OF APPROXIMATELY)	
\$1,834,000 EFFECTIVE MAY 1, 1994)	

O R D E R

IT IS ORDERED that Kenton County Water District No. 1 ("Kenton District") shall file the original and 12 copies of the following information with the Commission, with a copy to all parties of record, no later than 14 days from the date of this Order. Where such information has previously been provided in the original application in the format requested herein, reference may be made to the specific location of this information in responding to this Order. Kenton County shall furnish with each response the name of the witness who will be available at the public hearing to respond to questions concerning each item of information requested.

1. State Kenton District's current contribution rate to the County Employees Retirement System.

2. Refer to Exhibit G of the application, page 4 of 19.

a. Explain the purpose of "Aggregate Risk/Payments."

b. Why is the budgeted amount for 1994 of \$103,424 greater than the test year amount?

c. Identify the administrator of Kenton District's medical benefit plan.

d. Describe any changes in the medical benefits package provided by Kenton District to its employees in

1. 1992

2. 1993

3. 1994

3. Refer to Exhibit G of the application, page 5 of 19.

a. Identify the new regulation which will require increased backwashing.

b. State all assumptions and provide all calculations used to determine that increased backwashing in 1994 will require an increase of 12,963,120 gallons in water use.

4. Refer to Exhibit G of the application, page 6 of 19. State all assumptions and provide all calculations used to derive increased operation and maintenance expenses of \$15,365 when the 11 million gallons daily capacity addition to the Fort Thomas Treatment is placed in service.

5. Provide a reconciliation of the Operating Income shown in Exhibit G, page 1 of 19, [Line 7, col. (F)] with the Net Operating Income reflected in Exhibit H, page 5 of 6.

6. Refer to Kenton District's response to the Order of May 3, 1994, Item 8, page 2.

a. List and describe each source of revenue included in account 474, Other Water Revenue.

b. List and describe each source of income from rents from water property. Explain the \$61,179 decrease from 1992 to the test year.

7. Refer to Kenton District's response to the Order of May 3, 1994, Item 9, Schedule A. Explain the significant change in the following expense accounts from 1992 to 1993.

a. Account 611 - Maintenance of Structures & Improvements

b. Account 613 - Maintenance of Lake, River & Other Intakes

c. Account 626 - Pumping - Miscellaneous Expenses

d. Account 631 - Pumping - Maintenance of Structures & Improvements

e. Account 641 - Chemicals

f. Account 642 - Operation Labor & Expenses

g. Account 665 - Transportation and Distribution - Miscellaneous Expenses

h. Account 673 - Maintenance of Distribution Reservoir and Standpipes

i. Account 904 - Uncollectible Accounts

j. Account 920 - Administrative & General Salaries

k. Account 928 - Regulatory Commission Expenses

8. Refer to Kenton District's response to Items 9(d) and 23 of the Order of May 3, 1994. Explain why the general salary increases for the following employees for 1992 and 1993 were at a higher percentage than those for other employees:

- a. General Manager
- b. Business Manager
- c. Dir. of Water Quality & Production
- d. Dir. of Engineering & Distribution

9. Refer to Kenton District's response to Item 24 of the Order of May 3, 1994.

a. Describe Kenton District's accounting treatment of the \$72,000 in research and development expenses incurred during the test year.

b. State whether these expenditures are likely to recur. Explain.

c. State the period of time over which Kenton District expects to receive benefits from these expenditures.

10. Refer to Kenton District's response to Item 26 of the May 3, 1994 Order. Provide invoices to support rate case expense of \$61,882.30.

11. a. State the amount of monthly compensation paid to each of Kenton District's five commissioners.

b. Provide the Kenton County Fiscal Court ordinance which approved this level of compensation.

12. Refer to Kenton District's response to Item 30(a) of the May 3, 1994 Order and Exhibit A, page 10 of the application.

a. Describe how the monies to be deposited to the construction fund in the amount of \$3,340,360 are to be used. Have these projects been approved by the Public Service Commission? If yes, provide the case number.

b. Provide a schedule showing the uses of the funds received from the 1993 BAN's.

13. Refer to Exhibits F and G of the application. Provide invoices to support the proposed expense adjustments related to the GIS AM/FM Installation.

14. At its April 20, 1993 meeting, Kenton District's Board of Commissioners approved a bid in the amount of \$230,000 for painting the Bromley tank.

a. Provide the invoice for this service.

b. Describe Kenton District's accounting treatment of the expenses.

15. At its February 21, 1994 meeting, Kenton District's Board of Commissioners approved a monthly lease payment of \$1,800 for property to be used for a meter shop. State the effective date of this lease.

16. Explain in detail how the estimated maximum hour load factor was determined.

17. Explain why Kenton District experiences water demands so large that 30 percent of the total revenue requirements is attributable to meeting maximum day and maximum hour water demands.

18. Since the Cost of Service Study did not consider location on the system as a factor in designing the wholesale rate, why is Campbell County Kentucky Water District ("Campbell District") considered in a different manner?

19. Explain why the proposed methodology is fair to other wholesale customers who use a very small portion of transmission and distribution line.

20. How many gallons of water are allowed in the service charge for each size meter?

21. a. Will the wholesale customers be charged a service charge?

b. If yes, list the meter size for each wholesale customer.

22. Why is the proposed rate for the second rate block lower than the calculated rate 1.29 v. 1.322/ccf?

23. Why would it not be more equitable to include Campbell District with the other wholesale customers in the allocation of extra demand requirements shown in Schedule 6?

24. a. Were the other wholesale users, besides Campbell District, given the opportunity to furnish their daily usage and maximum day load factors?

b. If no, why was Campbell District given this opportunity?

25. Explain how the maximum hour and maximum day demands for Campbell District as shown on Table 4 were determined.

26. Explain how the maximum day and maximum hour factors can be the same?

27. Provide Kenton District's employment contract with its general manager.

28. Refer to Kenton District's Response to the Order of May 3, 1994, Item 28. For each listed project, provide expected date on which construction is to commence.

29. Provide all studies, analyses, and research prepared for or by the Wages and Benefits Committee of Kenton District's Board of Commissioners since January 1, 1992.

30. a. State whether Kenton District currently rents space on its water towers for the placement of communication or other types of antenna.

b. If yes, state the amount of income derived from such activities.

c. If no, explain why not.

31. Describe the negotiations between Sanitation District No. 1 of Campbell and Kenton Counties and Kenton District on joint billing for water and sewer service.

32. a. Provide Kenton District's "pay for performance plan" referred to in the minutes of its Board of Commissioners December 15, 1992 meeting.

b. If any changes have been made in this plan since December 15, 1992, describe these changes.


33. a. Provide Campbell District's Response to Dennis Willaman's letter of March 14, 1994 to Ronald J. Barrow.

b. Describe the action which Kenton District has taken in light of Campbell District's response.

34. Describe all efforts which Kenton District has taken to curtail or reduce peak demand.

Done at Frankfort, Kentucky, this 6th day of June, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director